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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE
COMPANY,

Debtor.

Case No. BK-S-06-10725-LBR
Chapter 11

**DECLARATION OF GEOFFREY
BERMAN IN SUPPORT OF
OMNIBUS OBJECTIONS OF
USACM TRUST TO PROOFS OF
CLAIM BASED IN WHOLE OR IN
PART UPON INVESTMENT IN THE
CASTAIC PARTNERS III LOAN**

**Date of Hearing: September 30, 2011
Time of Hearing: 9:30 a.m.
Estimated Time for hearing: 10 min.**

I, Geoffrey L. Berman, declare under penalty of perjury:

1. I am an adult person competent to testify in court.

2. I make this declaration based upon my personal knowledge, and upon the records USA Commercial Mortgage Company.

3. I am the Trustee of the USACM Liquidating Trust ("USACM Trust"), which is an entity created by the Debtors' Third Amended Joint Chapter 11 Plan of Reorganization ("Plan"), in the jointly-administered bankruptcy cases, In re USA Commercial Mortgage Company, BK-S-06-10725-LBR, pending in the United States Bankruptcy Court for the District of Nevada.

4. USACM circulated an Offer Sheet to prospective Direct Lenders soliciting funding for an acquisition and development loan to a borrower identified as "Castaic

Partners III, LLC.” A copy of the Offer Sheet is attached hereto as **Exhibit B** and incorporated by this reference. The total loan amount proposed was \$5,000,000. The Offer Sheet described the investment as a “First Trust Deed Investment” and noted that the investment would be secured by (i) a first deed of trust on approximately 150 acres of property in the hillside of Castaic, in Los Angeles County, California and (ii) a second deed of trust on 1134 acres of property in Castaic. The Offer Sheet further provides a loan to value percentage of 52%, based on a November 4, 2005 appraisal from A-Core Consultants. Pursuant to the Loan Agreement, the loan was intended to acquire the subject property.

5. On September 22, 2005, Borrower made and delivered to various lenders, including the Direct Lenders identified in **Exhibit A**, a “Promissory Note Secured by Deed of Trust” (the “Note”) and a Loan Agreement. The Note and Loan Agreement provided for a loan of \$5,000,000, with an initial advance of \$4,500,000. The Note was secured by (i) a “Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing” from the Borrower in favor of the Direct Lenders that was recorded in the official records of Los Angeles County, California on October 12, 2005 at Instrument Number 2005-2452902, (ii) a “Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing” from Castaic Partners II, LLC in favor of the Direct Lenders that was recorded in the official records of Los Angeles County, California on October 12, 2005 at Instrument Number 2005-2457433, and (iii) “Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing” from Castaic Partners, LLC in favor of the Direct Lenders that was recorded in the official records of Los Angeles County, California on November 17, 2005 at Instrument Number 2005-2782437. The Loan Agreement stated that the Deeds of Trust from Castaic Partners and Castaic Partners II would be second lien deeds of trust. The Note was also supported by a Guaranty executed by William Barkett, Castaic Partners III, LLC, and Castaic Partners, LLC on September 22, 2005.

I declare under penalty of perjury that the foregoing is true and correct.

/s/ *Geoffrey L. Berman*

s/ *Matt Burns*